

**FAIRVIEW ALPHA ELEMENTARY &
JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS**

**FINANCIAL REPORT
FOR THE ELEVEN MONTHS ENDED MAY 31, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 07 2015**

Fairview Alpha Elementary & Jr. High School Activity Funds

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Independent Auditor's Report on the Financial Statements	1-2	---
Basic Financial Statements:		
Combined Statement of Fiduciary Net Position	4	A-1
Combined Statement of Changes in Fiduciary Net Position	5-8	A-2
Notes to the Financial Statements	10-15	---
Internal Control and Compliance:		
Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18	B
Schedule of Audit Findings	19	C
Management Letter	20	D
Corrective Action Plan	21-22	E
Summary of Prior Year's Findings	23-24	F

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT

To: Fairview Alpha Elementary & Jr. High School

Report on the Financial Statements

We have audited the accompanying financial statements of the Fairview Alpha Elementary & Jr. High School Activity Funds (School Activity Funds), a component unit of the Natchitoches Parish School Board, as of and for the eleven months ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the School Activity Funds' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary funds of the Fairview Alpha Elementary & Jr. High School Activity Funds as of May 31, 2013, and the respective changes in financial position for those fiduciary funds for the eleven months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The component unit financial statements referred to above include only the financial activities of the Fairview Alpha Elementary & Jr. High School Activity Funds. Financial activities of other component units that form the reporting entity, which is the Natchitoches Parish School Board, are not included. The Fairview Alpha Elementary & Jr. High School Activity Funds has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

The financial information for the year ended June 30, 2012, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion dated December 3, 2012, on the basic financial statements of the Natchitoches Parish School Activity Funds.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2013, on our consideration of the Fairview Alpha Elementary & Jr. High School Activity Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fairview Alpha Elementary & Jr. High School Activity Funds' internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

August 29, 2013

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS
(Combined Statements - Overview)

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
NATCHITOCHES, LOUISIANA**

**Combined Statement of Fiduciary Net Position
For the Eleven Months Ended May 31, 2013
With Comparative Amounts from Year Ended June 30, 2012**

	<u>General Accounts</u>	<u>Restricted Accounts</u>	<u>Total (Memorandum Only)</u>	<u>6-30-12. (Memorandum Only)</u>
ASSETS:				
Cash	\$3,725	\$5,194	\$8,919	\$ 3,555
Savings-C/D	0	0	0	0
Accounts Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$3,725</u>	<u>\$5,194</u>	<u>\$8,919</u>	<u>\$ 3,555</u>
LIABILITIES:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
NET POSITION:				
Unrestricted	3,725	0	3,725	(9,118)
Restricted	<u>0</u>	<u>5,194</u>	<u>5,194</u>	<u>12,673</u>
Total Liabilities & Net Position	<u>\$3,725</u>	<u>\$5,194</u>	<u>\$8,919</u>	<u>\$ 3,555</u>

The accompanying notes are an integral part of this statement.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
NATCHITOCHES, LOUISIANA**

**Combined Statement of Changes in Fiduciary Net Position
For the Eleven Months Ended May 31, 2013
With Comparative Amounts from Year Ended June 30, 2012**

	<u>General Accounts</u>	<u>Restricted Accounts</u>	<u>Total (Memorandum Only)</u>	<u>6-30-12 (Memorandum Only)</u>
ADDITIONS:				
Office Receipts	\$14,123	\$ 0	\$ 14,123	\$11,196
Concession Sales	14,282	0	14,282	8,243
Athletics	0	2,240	2,240	2,282
Fundraiser Income	22,482	0	22,482	26,389
Field Trips	0	4,130	4,130	2,386
Interest Income	24	0	24	28
4-H Club - 7 th & 8 th	0	0	0	452
Cheerleaders	0	1,833	1,833	1,279
Class - 1 st Grade	0	0	0	300
Class - 3 rd Grade	0	222	222	868
Class - 4 th Grade	0	170	170	1,554
Class - 5 th Grade	0	320	320	0
DARE	0	1,153	1,153	1,437
Gifted	0	1,161	1,161	3,621
Library	0	3,403	3,403	6,224
Lost Books	0	0	0	110
PBS	0	0	0	530
PTO	0	0	0	255
Pre-K	0	1,914	1,914	1,526
Quiz Bowl	0	0	0	360
Teachers' Courtesy Fund	0	2,336	2,336	486
Yearbook	0	1,400	1,400	2,747
Donations/Miscellaneous	<u>2,500</u>	<u>0</u>	<u>2,500</u>	<u>0</u>
Total Additions	\$53,411	\$20,282	\$ 73,693	\$72,273

Continued next page.

The accompanying notes are an integral part of this statement.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
NATCHITOCHES, LOUISIANA**

**Combined Statement of Changes in Fiduciary Net Position
For the Eleven Months Ended May 31, 2013
With Comparative Amounts from Year Ended June 30, 2012**

	General	Restricted	Total	6-30-12
	<u>Accounts</u>	<u>Accounts</u>	<u>(Memorandum Only)</u>	<u>(Memorandum Only)</u>
DEDUCTIONS:				
Office Expenses	\$ 8,765	\$ 0	\$ 8,765	\$ 44
Educ. Supplies/Materials	0	1,587	1,587	2,125
Telephone	101	0	101	0
Concession Purchases	13,211	0	13,211	6,751
Athletics	0	2,240	2,240	3,457
Fundraiser Costs	20,425	0	20,425	18,722
Field Trips	0	4,541	4,541	244
Academic	0	518	518	0
4-H Club – 4 th thru 6 th	0	236	236	422
Cheerleaders	0	2,498	2,498	1,298
Class – 1 st Grade	0	0	0	300
Class – 3 rd Grade	0	222	222	1,542
Class – 4 th Grade	0	169	169	1,400
Class – 5 th Grade	0	320	320	0
DARE	0	1,153	1,153	1,500
Gifted	0	585	585	3,952
Library	0	5,411	5,411	4,622
Lost Books	0	1,282	1,282	0
Music Club	0	765	765	226
Pre-K	0	656	656	1,642
Quiz Bowl	0	0	0	360
Teachers' Courtesy Fund	0	0	0	714
Yearbook	0	1,738	1,738	4,730
Miscellaneous	<u>1,906</u>	<u>0</u>	<u>1,906</u>	<u>15,245</u>
Total Deductions	<u>\$44,408</u>	<u>\$23,921</u>	<u>\$ 68,329</u>	<u>\$69,296</u>

Continued next page.

The accompanying notes are an integral part of this statement.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
NATCHITOCHES, LOUISIANA**

**Combined Statement of Changes in Fiduciary Net Position
For the Eleven Months Ended May 31, 2013
With Comparative Amounts from Year Ended June 30, 2012**

	<u>General Accounts</u>	<u>Restricted Accounts</u>	<u>Total (Memorandum Only)</u>	<u>6-30-12 (Memorandum Only)</u>
Increase (Decrease) in Net Position Before Transfers	\$ 9,003	\$ (3,639)	\$ 5,364	\$ 2,977
Other Financing Sources (Uses):				
Transfers In	7,092	3,252	10,344	2,366
Transfers Out	<u>(3,252)</u>	<u>(7,092)</u>	<u>(10,344)</u>	<u>(2,366)</u>
Increase (Decrease) in Net Position	\$12,843	\$ (7,479)	\$ 5,364	\$ 2,977
Net Position at Beginning of Year	<u>(9,118)</u>	<u>12,673</u>	<u>3,555</u>	<u>578</u>
Net Position at End of Year	\$ <u>3,725</u>	\$ <u>5,194</u>	\$ <u>8,919</u>	\$ <u>3,555</u>

Continued next page.

The accompanying notes are an integral part of this statement.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
NATCHITOCHES, LOUISIANA**

**Schedule of Changes in Restricted Account Deposit Balances
For the Year Ended June 30, 2013**

<u>Restricted Activity</u>	<u>Balance 6-30-12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers In/(Out)</u>	<u>Balance 5-30-13</u>
Field Trips	\$ 990	\$ 4,130	\$ 4,541	\$ 0	\$ 579
Academic	620	0	518	0	102
Athletics	0	2,240	2,240	0	0
4-H Club – 4 th thru 6 th	458	0	236	0	222
Cheerleaders	(325)	1,833	2,498	1,009	19
Class – 1 st Grade	8	0	0	(8)	0
Class – 3 rd Grade	3,340	222	222	(3,340)	0
Class – 4 th Grade	696	170	169	(696)	1
Class – 5 th Grade	1,457	320	320	(1,457)	0
DARE	589	1,153	1,153	(589)	0
Gifted	(297)	1,161	585	0	279
Library	1,797	3,403	5,411	243	32
Lost Books	1,282	0	1,282	0	0
Music Club	1,581	0	765	0	816
PBS	554	0	0	0	554
PTO	255	0	0	0	255
Pre-K	1,002	1,914	656	(1,002)	1,258
Quiz Bowl	7	0	0	0	7
Teacher Classroom Supplies	0	0	1,587	2,000	413
Teachers' Courtesy Fund	(3,778)	2,336	0	0	(1,442)
Yearbook	<u>2,437</u>	<u>1,400</u>	<u>1,738</u>	<u>0</u>	<u>2,099</u>
Total	<u>\$12,673</u>	<u>\$20,282</u>	<u>\$23,921</u>	<u>\$(3,840)</u>	<u>\$ 5,194</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
Notes to Financial Statements
May 31, 2013**

INTRODUCTION

As provided by Louisiana Revised Statute 17:414 and resolutions of the Natchitoches Parish School Board, the School Activity Funds are maintained under the direction of the school principals and the school board for the management of any money which accrues to benefit the schools. Additions are generated within the schools from various sources including student fees, concessions and other fundraising activities. These additions are used for a variety of purposes ranging from miscellaneous supplies for the school, instructional programs, and extracurricular student organizations. These funds are used to supplement, rather than replace, funds for activities and services provided by the local school board. The money provided by the State of Louisiana or the Natchitoches Parish School Board for support of the regular instructional programs and the school facilities are not included.

The Natchitoches Parish School Board is the governing body for fifteen (15) separate schools within the parish providing instructional and educational benefits for grades Pre-K (Pre-kindergarten) through 12. Fairview Alpha Elementary & Jr. High School consists of grade levels Pre-K through 8th grade and is located in the Campti Community.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Fairview Alpha Elementary & Jr. High School Activity Funds have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Natchitoches Parish School Board is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government (School Board), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish School Board for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
Notes to Financial Statements
May 31, 2013**

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the School Board to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School Board.
2. Organizations for which the School Board does not appoint a voting majority but are fiscally dependent on the School Board.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because of criteria 1(a), 1(b), and 3, above, the Fairview Alpha Elementary & Jr. High School Activity Funds were determined to be a component unit of the Natchitoches Parish School Board, the reporting entity. The accompanying financial statements present information only on the funds maintained by the Fairview Alpha Elementary & Jr. High School Activity Funds and do not present information on the School Board or the School Activity Funds for the entire parish, the general government services provided by the governmental unit, or the other governmental units that comprise the reporting entity.

C. FUND ACCOUNTING

The School Activity Funds use funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the School Activity Funds are classified as fiduciary or agency funds. Agency funds account for the collection and disbursement of specific or legally restricted monies, generated by the schools and organizations within the schools for the parish. While these accounts are under the supervision of the school board, they belong to the individual schools or their student bodies and are not available for use by the school board. Funds of the School Activity Funds include:

1. General Accounts - the general operating fund of the School Activity Funds and accounts for revenues (additions) and expenditures (deductions) that tend to benefit the entire school and are not restricted to any specific group or activity.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
Notes to Financial Statements
May 31, 2013**

2. Restricted Accounts - Accounts for transactions relating to resources restricted to expenditures of a specific purpose or group of students.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. There are no governmental funds associated with the School Activity Funds. The governmental funds use the following practices in recording additions and deductions:

Revenues (additions) are recognized when susceptible to accrual (i.e., when they become measurable and available as net current assets). "Measurable" means that amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (deductions) are generally recognized when the related fund liability is incurred. Purchases of various operating supplies are regarded as deductions at the time of purchase.

Other financing sources (Uses) are transfers between funds that are not expected to be repaid or any other financing sources such as debt proceeds.

E. BUDGETS

1. An annual operating budget is usually required by law of the State of Louisiana. However, School Boards' School Activity Funds are not required to prepare or adopt a budget due to the variable nature related to the different school activities and organizations raising funds.

F. ENCUMBRANCES

The School Activity Funds do not employ the use of encumbrance accounting.

G. CASH & CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under the state law, the School Activity Funds may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
Notes to Financial Statements
May 31, 2013**

Under state law, the School Activity Funds may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated cost.

At May 31, 2013, the Fairview Alpha Elementary & Jr. High School Activity Funds had cash and cash equivalents with a carrying balance of \$8,919 and a bank balance of \$13,754 that was held in checking accounts at local banks. These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit the fiscal agent. These securities are held in the name of the pledging fiscal bank in a holding or custodial bank that is mutually acceptable to both parties. The School Activity Funds entire cash balance was totally insured by FDIC insurance throughout the year.

The School Activity Funds' cash is categorized below to give an indication of the level of risk assumed by the School Activity Funds at May 31, 2013. Category 1 includes cash held by the School Activity Funds which is insured and held in the schools' names. Category 2 includes uninsured cash held by the agent of the schools in the schools' names. Category 3 would include cash held by a trustee or other third party not in the School Activity Funds' name and uninsured and unregistered.

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>
Checking Account	\$13,754	\$0	\$0
Savings Account	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$13,754</u>	<u>\$0</u>	<u>\$0</u>

H. FIXED ASSETS

Fixed assets are recorded as deductions at the time purchased or constructed. The Fairview Alpha Elementary & Jr. High School Activity Funds had no fixed assets as of the end of the year.

I. COMPENSATED ABSENCES

The Fairview Alpha Elementary & Jr. High School Activity Funds have no employees and, thus, do not carry forward or accrue compensated absences.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
Notes to Financial Statements
May 31, 2013**

J. EQUITY CLASSIFICATIONS

In the financial statements, net position is classified as follows:

- a. Restricted - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- b. Unrestricted - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

K. TOTAL COLUMNS ON SCHEDULES

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INTERFUND RECEIVABLES/PAYABLES

There were no interfund receivables or payables of the Fairview Alpha Elementary & Jr. High School Activity Funds as of May 31, 2013.

NOTE 3 - PENDING LITIGATION

There were no civil suits seeking damages against the Fairview Alpha Elementary & Jr. High School Activity Funds outstanding at May 31, 2013.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
Notes to Financial Statements
May 31, 2013**

NOTE 4 - RELATED PARTY TRANSACTIONS

The Fairview Alpha Elementary & Jr. High School Activity Funds had no related party transactions for the eleven months ended May 31, 2013.

NOTE 5 - COMPENSATION PAID TO BOARD MEMBERS

Neither the members of the School Board, school administrations, teachers nor students of the Fairview Alpha Elementary & Jr. High School received any compensation from the School Activity Funds during the school year. Such compensation is strictly prohibited by School Board policy.

NOTE 6 - LONG-TERM DEBT

The Fairview Alpha Elementary & Jr. High School Activity Funds had no long-term debt at May 31, 2013.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Fairview Alpha Elementary & Jr. High School Activity Fund
Natchitoches Parish School Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the Fairview Alpha Elementary & Jr. High School Activity Funds, a component unit of the Natchitoches Parish School Board, as of and for the eleven months ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Fairview Alpha Elementary & Jr. High School Activity Funds' basic financial statements and have issued our report thereon dated August 29, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fairview Alpha Elementary & Jr. High School Activity Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Activity Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Fairview Alpha Elementary & Jr. High School Activity Funds' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairview Alpha Elementary & Jr. High School Activity Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

August 29, 2013
Natchitoches, Louisiana

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
May 31, 2013**

SCHEDULE OF AUDIT FINDINGS

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Fairview Alpha Elementary & Jr. High School Activity Fund, a component unit of the Natchitoches Parish School Board.
2. No reportable conditions were disclosed during the audit of the financial statements as reported in the Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

B. FINDINGS

Not applicable.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

August 27, 2013

Fairview Alpha Elementary & Jr. High School Activity Funds
P. O. Box 16
Natchitoches, LA 71457

RE: Management letter
Audit Report – June 30, 2013

We have performed our audit of the Fairview Alpha Elementary & Jr. High School Activity Funds and have applied certain agreed-upon procedures. As part of those procedures, we have the following information to report to you.

1. School board policy was violated by making deductions in restricted accounts beyond the available balances, resulting in deficit account balances. This was also a direct violation of Louisiana Revised Statute 17:414, which dictates expenditures of restricted funds only be allowed to the extent funds are available. We recommend that all deficit account balances be eliminated.
2. Procedures and policies should be implemented to ensure that concession revenues and costs are allocated appropriately between school activities to ensure that an activity that benefits from the sale of concessions also incurs the burden of the cost of concessions sold.

Sincerely,

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

Natchitoches Parish School Board

310 Royal Street P. O. Box 16
Natchitoches, Louisiana 71458-1216

(318) 352-2358
FAX (318) 352-8138

CORRECTIVE ACTION PLAN

August 29, 2013

Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

The Fairview Alpha Elementary & Jr. High School Activity Funds, a component unit of the Natchitoches Parish School Board, respectfully submits the following corrective action plan for the eleven months ended May 31, 2013:

SECTION I: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL SCHEDULES

Not applicable.

SECTION II: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III: MANAGEMENT LETTER

2013 - 1 Separate Accounting of Student Activity Funds and Purchasing Procedures

Recommendation: Procedures should be implemented and followed to ensure that all expenditures are authorized after determination of availability of funds.

Corrective Action Taken: We have met with officials and employees responsible at the school. We discussed the importance of not only the elimination of deficits, but also the need to ensure that no general fund or individual restricted accounts spend monies in excess of the balance of funds available.

2013 - 2 Concessions - Matching of Revenues & Expenses

Recommendation: Procedures and policies should be implemented to ensure that concession revenues and costs are allocated appropriately between school activities to ensure that an activity that benefits from the sale of concessions also incurs the burden of the cost of concessions sold.

Corrective Action Taken: We have met with the principal at the school and discussed the importance of properly matching revenues and expenses within each activity. All concessions will be recorded correctly.

If the Legislative Auditor has questions regarding this plan, please call Steven Solomon at 318-352-2358.

Sincerely yours,

Steven Solomon

Steven Solomon
Supervisor of Business Affairs

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
May 31, 2013**

SUMMARY OF PRIOR YEAR'S FINDINGS

SECTION I: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL SCHEDULES

There were no material instances of noncompliance and no internal control matters other than those reported in the management letter, as described in Section III, below.

SECTION II: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III: MANAGEMENT LETTER

2012 - 1 Availability of Funds

Condition: This finding reported the school violated school board policy by maintaining deficit balances in making deductions from restricted accounts beyond the available balance. This also was a direct violation of Louisiana Revised Statute 17:414.

Recommendation: The auditor recommended that all deficits be eliminated. The school principal concurred with the auditor's recommendation and directed the schools to comply.

Current Status: The school initiated measures to improve revenue collections and expenditure control or monitor dormant accounts. Although deficits may not have been totally eliminated, continued improvement has been made from the previous year and school officials believe improvements implemented should result in the elimination of the deficits by June 30, 2014.

2012 - 2 Concessions – Matching of Revenues & Expenses

Condition: This finding reported that the school violated school board policy by maintaining deficit balances in the general (unrestricted) fund and making deductions in restricted accounts beyond the available balance. This also was a direct violation of Louisiana Revised Statute 17:414.

**FAIRVIEW ALPHA ELEMENTARY & JR. HIGH SCHOOL
SCHOOL ACTIVITY FUNDS
May 31, 2013**

SUMMARY OF PRIOR YEAR'S FINDINGS

Recommendation: The auditor recommended that policies and procedures should be implemented to ensure that concession revenue and costs are allocated appropriately between school activities to ensure that an activity that benefits from the sale of concessions also incurs the burden of the cost of concessions sold.

Current Status: This matter has not been resolved. See item 2013 – 2.